

Message Text

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ACTION EA-10

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C O N F I D E N T I A L MANILA 3218

E.O. 11652: GDS

TAGS: ECON, ETRD, RP

SUBJECT: LAND OWNERSHIP - PROGRESS IN THE DIALOGUE

1. FOLLOWING SEVERAL INTENSE STAGES IN THE TRIANGULAR EMBASSY/GOP/AMCHAMBER DIALOGUE IT LOOKS TO US AS IF WORKABLE ARRANGEMENTS ON LAND TITLE ISSUES BETWEEN PRACTICALLY ALL FIRMS AFFECTED AND GOP ARE CLOSE BY.. WHILE THERE MAY BE POSSIBLY A REAL DIE-HARD TO EMERGE FROM THE WOODWORK AT THE LAST MOMENT, THE HARD CORE FINALLY HAS SEEN THE LIGHT. MAINLY WITHIN THE PAST FEW WEEKS A COMBINATION OF ALMOST CONSTANT WORK BY AMCHAMBER LEADERS, OF JUDICIOUS EMBASSY PRESSURS AND CALLS ON THE CHAMBER AND ON CABINET OFFICIALS, AND OF LIBERAL AMOUNTS OF JAWBONING, HAND-HOLDING AND ARM-TWISTING HAVE LED TO (A) CHAMBER RECOGNITION THAT WHILE THE PRINCIPLE MAY LIVE THE PRACTICAL ISSUE OF VESTED RIGHTS IS DEAD; (B) LITTLE OR NOTHING IS TO BE GAINED FROM STRETCHING MATTERS OUT FURTHER; (C) THUS ANY FURTHER MORATORIUM BY GOP SEEMS UNNECESSARY SAVE TO PERMIT EQUITABLE HANDLING OF INDIVIDUAL COMPANY PROBLEMS. ON THE LATTER POINT, GOP HAS GIVEN A SUFFICIENT SIGNAL,WE THINK, THAT ANY FIRM IN GOOD FAITH ENGAGED IN CARRYING OUT A PLAN TO ADJUST ITS LAND STATUS NEED NOT WORRY ABOUT THE MAY 27, 1975 END OF THE MORATORIUM DECLARED LAST YEAR BY MARCOS.

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2. THE SDENARIO NOW READS AS FOLLOWS.AFTER MUCH AGONIZED AND BREAST-BEATING APPRAISAL OF IND SEC PATERNO'S LETTER OF FEB.15 TO THE CHAMBER, THE AMCHAM SENT A REPLY ON MAR 5TH INDICATING A GENERAL WILLINGNESS TO WORK WITHIN OUTLINES SUGGESTED BY PATERNO TODEVELOP MODELS OF FIVE DIFFERENT LAND OWNERSHIP ADJUSTMENT PLANS (COPIES CORRESPONDENCE POUCHED EA/PHL). THESE PLANS INCLUDE (A) DONATION TO A BONA FIDE CHARITABLE INSTITUTION, (B) UTILIZATION OF THE FIRM'S PENSION PLAN AS EITHER THE SOLE OR A SIGNIFICANT REPOSITORY OF THE LAND TITLE. (C) SALE TO A GOVERNMENT CORPORATION; (D) STRAIGHT COMMERCIAL SALE TO A LOCAL FINANCING ENTITY, AND (E) 60-40 LAND HOLDING ARRANGEMENTS INVOLVING PARTIAL SALE EITHER TO GOVERNMENT OR TO PRIVATE BUYERS. ALL, OF COURSE, INVOLVE PROPOSALS FOR LEASEBACK TO PRESENT OWNERS FOR FIFTY YEARS. WHILE NOT ADVERTISING THEIR PARTICULAR APPROACH, THE DONATION MODEL IS THE AKRON-APPROVED SCHEME OF B.F. GOODRICH; A 60-40 LAND COMPANY DEAL IS CALTEX -- ONE OF THE MAJOR HOLDERS OF FORESHORE LEASES; AND A STRAIGHT COMMERCIAL SALE TO A QUALIFIED COMMERCIAL BUYER IS FNCB. THE AMERICAN CHAMBER NOW INTENDS TO PROVIDE ALL OF THESE MODELS TO SEC PATERNO BY MAR 15, AND RESPONSES FROM THE GOVERNMENT ARE BEING SOUGHT DURING THE SUCCEEDING TWO OR THREE WEEKS. IT IS THE READING OF CHAMBER LEADERSHIP THAT, IF THE GOVERNMENT IS ABLE TO ACCEPT THE PROPOSALS PUT FORWARD WITHOUT RADICAL CHANGES, THE GREAT MAJORITY OF FIRMS WILL BEGIN PROMPTLY TO MOVE ON ONE OR THE OTHER. THE MOST POPULAR MODEL IS EXPECTED TO DONATION, WITH USE OF PENSION PLANS AND 60-40 ARRANGEMENTS TAKING SECOND AND THIRD POSITIONS.

2. COMMENT: THE EMBASSY IS FOLLOWING DEVELOPMENT OF THE FOREGOING PROPOSALS VERY CLOSELY, ON THE ONE HAND URGING THE CHAMBER TO PROCEED IN A DILIGENT MANNER TO GET THE MEMBERSHIP ON BOARD, AND ON THE OTHER URGING THE GOP TO GIVE PLANS AS THEY COME FORWARD A PROMPT, HIGH-LEVEL AND CONSIDERED ATTENTION. IN THIS MANNER IT IS HOPED THAT SOME OF THE DEFICIENCIES IN THE EARLIER DIALOGUE CAN BE OVERCOME, AND ESPECIALLY THAT THE NATIONALISTIC POSITION-TAKIN OF MIDDLE LEVEL FILIPINO BUREAUCRATS CAN BE KEPT OUT OF THE DIALOGUE AT THIS STAGE. WE ALSO HOPE TO AVOID THE POSSIBI-CONFIDENTIAL

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LITY THAT A WELL-CONCEIVED AND GOOD FAITH PLAN MIGHT RUN AGROUND ON SOME MERELY BUREAUCRATIC SNAG. THUS, WE ARE STRESSING AT THIS STAGE THE IMPORTANCE OF KEEPIN UP MOMENTUM, NOW THAT THE LOG JAM HAS BEEN BROKEN BY INDIVIDUAL COMPANY RECOGNITION THAT NO MIRACLE OF VESTED RIGHTS IS IN THE OFFING, BUT THAT PRACTICAL AND WORKABLE SOLUTIONS SHORT OF THAT GOAL ARE READILY AVAILABLE. SULLIVAN

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